

**8COMMON LIMITED & ITS CONTROLLED ENTITIES
ACN 168 232 577**

**ASX APPENDIX 4E
RESULTS FOR ANNOUNCEMENT TO THE MARKET
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

1. Reporting Period

Current Reporting Period - For the year ended 30 June 2023
Previous Reporting Period - For the year ended 30 June 2022

2. Results for announcement to the market

	June 2023	June 2022	Change	Change
	(\$)	(\$)	(\$)	(%)
Revenue from continuing operations	7,241,065	4,570,052	2,671,013	58%
Other Income	301,476	820	300,656	N/A
Net (loss) after tax for the period attributable to members from continuing operations	(3,303,225)	(2,501,090)	(802,135)	32%

EPS

June 2023

June 2022

Basic Loss per share	(1.49) cents per share	(1.14) cents per share
Diluted Loss per share	(1.49) cents per share	(1.14) cents per share

NET TANGIBLE ASSET BACKING

June 2023

June 2022

Net tangible assets per share	0.2 cents per share	1.39 cents per share
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3. Financial Results

This report should also be read in conjunction with any public announcements made by 8common in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

4. Explanation of results

For an explanation of the current year results, refer to the Review of Operations contained within this document.

5. Status of audit and description of likely disputes or qualifications

This Appendix 4E is based on accounts which have been audited. The audit report is included within the financial report which accompanies this Appendix 4E

ANNUAL REPORT 2023

for the year ended 30 June 2023
ACN: 168 232 577

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CHAIRMAN AND CEO MESSAGE

Dear Fellow Shareholders,

Welcome to 8common Limited's Annual Report for 2023 Financial Year. 8common continued to expand our footprint as a leading provider of enterprise grade financial payments and transaction management solutions which are utilised by over 170,000 users across Federal Government, State Government, and large enterprise businesses. The scale of our solutions platform is truly impressive as we processed nearly \$1billion in transactions during FY23. Our solutions ensure a smooth processing pathway for our end users, and importantly provide a strong auditing, reconciliation and transparency function for their employers.

*Our business continues to grow via the GovERP mandate, where to date, we have secured **\$10.7m** in revenue from the program with 32 entities in Federal Government currently live with Expense8 and a further 4 currently onboarding*

As our solution becomes fully implemented amongst these Government entities, we anticipate an increasing utilisation rate which will lead to a material increase in transaction and recurring revenue, as well as cashflow, in FY24.

*Our growth as a Company is reflected in a **64% increase in revenue** versus FY22 and importantly in the \$12.4m of new contracts we secured in FY23. Our new contract wins over the past 12 months were more than those secured in FY20, FY21 and FY22 combined and highlights the increasing demand for our solutions.*

With a growing customer base, rising ARPU and a strong business development pipeline 8common remains well positioned to drive sustainable shareholder returns in FY24.



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170,000

users across Federal Government,
State Government, and large
enterprise businesses

\$1 Billion

in transactions during FY23

\$10.7M

signed TCV from GovERP

64%

increase in revenue compared
to FY22

Expense8 Leading Travel and Expense Management Solution



Our core travel and expense management solution, Expense8, continues to deliver industry leading performance across the federal government, state and territory government and large corporate sectors.



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Whilst FY23 was dominated by new contract wins under the GovERP program, we continued to expand our Expense8 customer footprint via other channels delivering new contracts with:

- The Department of Employment and Workplace Relations
- The Department of Climate Change, Energy, the Environment and Water
- The Australian Securities and Investments Commission
- The Department of Veterans' Affairs
- The Department of Education
- IP Australia
- Museums of History NSW

We also secured a number of contract extensions across our customer base including:

- Federal Court of Australia
- NSW Department of Industry
- The Department of the Prime Minister and Cabinet
- Australian Electoral Commission
- The Department of Industry, Science and Resources
- The Treasury

We are elevating our business development initiatives in FY24 with a focus on securing customers across new verticals such as the education sector and in new geographies. With increasing levels of business and travel activity in the economy, Expense8 will continue to secure new business and drive a strong revenue profile for our Company.



GovERP Driving Scale

Our position as the solution provider of Travel and Expense Management for the Australian Government via the GovERP Complementary (edge) capabilities panel continued to drive growth and underpin the future of our Company.

To date we have secured over a **Total Contract Value of \$10.7m (inc-GST)**, with **32,000 live users** and 23,000 currently in the on-boarding phase. There are a further 33,000 users who have undertaken paid Phase 0 discovery work which is the precursor to the on-boarding phase. With an average federal government ARPU of \$50, if this is maintained, the current users who are either onboarding or have performed Phase 0 work should grow our recurring and transaction revenue by approximately \$2.8m per annum.

The GovERP has been a transformational contract for our Company and we have only just started to see the benefits of the program to our ongoing recurring and transaction revenue.

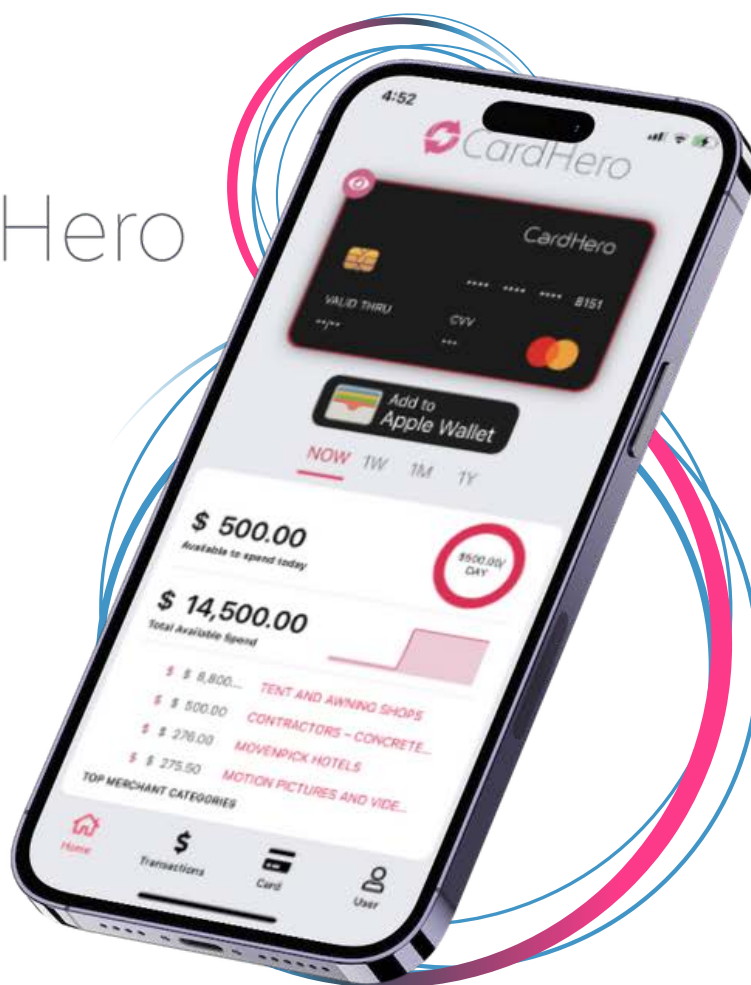
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CardHero Progressing, Opportunities Expanding

The growing level of governance and accountability around the disbursement of funds across the not-for-profits, charities and government sectors continues to drive an increasing level of demand for sophisticated disbursement programs such as CardHero. The roll-out of CardHero with Life Without Barriers and Westhaven continues to progress. The CardHero adoption allows for funds distribution (NDIS and youth care) and as a replacement for their corporate credit cards and as such has a large potential addressable market.

With the technology being proved in real time by our initial customers, we are continuing to see a growing level of inbound enquiries from not-for-profits, corporate and government agencies seeking a solution for their fund distribution requirements.

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Investing In Our Technology and People

The company continued to invest into cyber security and infrastructure initiatives in FY23 to provide for an increase in system usage driven by the GovERP go-lives. The infrastructure initiatives have provided an improved operating and onboarding functionality that will allow for the seamless transition of new users to our solution as the GovERP program continues to grow in scale.

Data and cyber security remain a paramount focus for our business, particularly within the CardHero solution, and we continually test and refine our data protection technology and procedures to ensure we operate to the highest standards possible.

Our business will always require investment to ensure we continue to deliver a premier solution to our customers; however the pace of investment is anticipated to normalise in the coming years, helping to improve our cash flow position.

“ Whilst we are a technology business, our people are core to what we do. ”

Our ability to attract and retain key staff over the past several years is a testament to the culture we have within our organisation and the challenges and opportunities we provide our people. We would like to take this opportunity to thank our team for all the dedication and hard work you have and continue to deliver to our organisation.



Pathway to Cashflow and Profit

Our ability to develop and maintain best of breed technology platforms to initiate, transact, manage and report financial transactions for large enterprises will continue to drive our future.

The GovERP program has transformed our business via securing a large potential pool of users amongst Federal Government. The pipeline of users delivered, along with the growing adoption of Expense8 amongst state governments and large corporate will drive user numbers and ARPU to new levels. The large level of implementation work in FY23 (\$3.1m) has delivered a large pipeline of users which will contribute to an increase in transaction revenue in FY24.

A large focus for FY23 was focussed on converting the GovERP opportunity into Phase 0 and implementations, in order to facilitate growth in Annualised Recurring transaction and SaaS Revenue in FY24 and beyond. A large number of new users went live at the end of FY23, with annualised and recurring revenue to commence in FY24.

With a growing level of user numbers and activity, coupled with a reduction in our development and implementation costs associated with the start-up of the GovERP technology, our Company is poised to progress towards positive cashflow in FY24. And with over \$1.8m in cash, we remain fully funded to deliver on this growth.

We would like to thank all our shareholders, stakeholders and customers for their support during the year and look forward delivering another positive year of progression for our company in FY24.



Nic Lim
Executive Chairman



Andrew Bond
Chief Executive Officer

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DIRECTOR'S REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group or Company) consisting of 8common Limited and its controlled entities for the financial year ended 30 June 2023. The information in the review of operations forms part of this directors' report for the financial year ended 30 June 2023 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of 8common Limited during or since the end of the financial year up to the date of this report:

- Kah Wui "Nic" Lim – Managing Director and Executive Chairman
- Adrian Bunter – Non-Executive Director
- John Du Bois – Non-Executive Director
- Kok Fui Lau – Non-Executive Director
- Max Crowley – Company Secretary

Particulars of each director's experience and qualifications are set out later in this report.

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Principal Activities

8common's (**ASX:8CO**) solutions deliver enterprise grade financial transaction processing for government entities and large enterprise businesses. Its flagship Expense8 platform is a leading pureplay provider of end-to-end travel expense management software, card application and management. The innovative software solutions improve organisation, productivity, incorporate company organisational policies and expense auditing to reduce fraud. Expense8 had been selected as the solution provider of Travel and Expense Management for the Australian Government GovERP Complementary (edge) capabilities panel. Under this agreement, Expense8 will be the sole Travel and Expense Management provider for over 167k employees across 90 Government Entities.

CardHero (pre-paid card payment and fund distribution) delivers solutions to support regulated, large network and high-volume requirements. 8common specialises in large enterprise and government segments.

Its growing client base of more than 170,000 platform users include enterprise customers Woolworths, Broadcast Australia, Amcor, and over 160 state and federal government entities.

Operating Results and Review of Continuing Operations

Our position as the solution provider of Travel and Expense Management for the Australian Government via the GovERP Complementary (edge) capabilities panel continued to drive growth and underpin the future of our Company. Over this year, the Group achieved revenue from continuing operations of \$7.2m (2022: \$4.6m) and incurred an operating loss after tax of \$3.3m. EBITDA for the period was a loss of \$2.6m (2022: loss of \$1.7m) and Adjusted EBITDA was a loss of \$1.2m which took into consideration the following:

- Depreciation of \$698k;
- Shares options expense of \$190k; and
- Goodwill impairment of \$1,225k.

Financial and Operational Review

Key financial highlights for FY23 include:

- Record FY23 total revenue of \$7.5 million, up 65% vs FY22
- Cash receipts from operations of \$7.7 million and full year operating cash outflow of \$265k
- Total contract value won in FY23 of \$12.4 million (more than the combination of contracts secured across FY20, FY21 and FY22).
- Annualised Recurring transaction and SaaS Revenue (ARR) of c.\$3.9 million at 30 June 2023 (\$3.5 million at 30 June 2022)
- Cash balance at 30 June 2023 of \$1.8 million (31 December 2022: \$1.9 million) providing all the required capital for 8CO to execute on growth under the GovERP implementation and transition the Company to positive operating cash-flow.

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FY23 total revenue

\$7.5M

↑ 65% vs FY22

Total contracts value won in FY23

\$12.4M

more than FY20, FY21 and FY22 combined)

Annualised Recurring transaction
and SaaS Revenue (ARR)

c.\$3.9M

at 30 June 2023 (\$3.5M vs FY22)

Cash receipts from operations

\$7.7M

with a cash outflow of \$265k

Cash balance at 30 June 2023

\$1.8M

(31 December 2022: \$1.9M)

Key operational highlights include:

- Three-year contract with Australian Securities and Investments Commission (ASIC) secured under the GovERP deed, with the option of a three-year extension with a TCV of \$650k for onboarding, implementation, and support services with transaction and SaaS recurring revenue to drive additional revenue over the term of the contract
- Implementation agreements signed with Department of Veterans' Affairs (ref ASX release 26 April 2023), The Department of Finance (ref ASX release 2 May 2023), IP Australia and Museums of History NSW for a combined Total Contract Value (TCV) of \$2.3m
- Appointment of Deloitte as an implementation partner for Expense8 delivering travel and expense solutions and opportunities across their client network
- Contract extension with NSW Department of Education worth approximately \$600k per annum inc GST

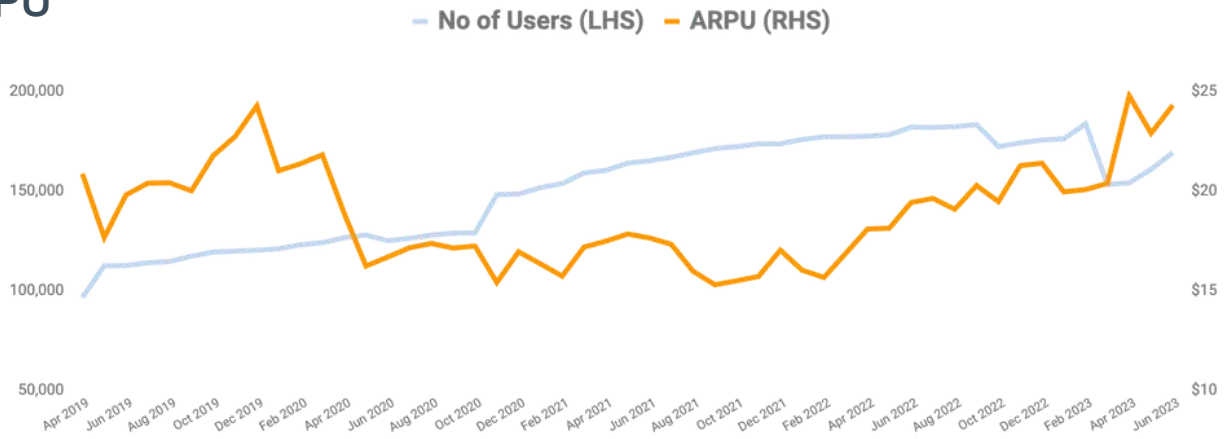
	FY22	FY23	Change	% Change (vs pcp)
Total Revenue (\$,000)	4,570	7,504	2,934	64%
SaaS & Transaction Revenue (\$,000)	2,923	3,631	708	24%
Number of users (k)	181	169	-12	-7%
ARPU - Federal Government (A\$)	47.50	50.55	3.05	6%
ARPU - Total (A\$)	19.40	21.04	1.64	8%

The GovERP work package continues to drive significant growth for the Company, with the total value of signed contracts under the work package exceeding \$10.7m with 32,000 live users and 23,000 currently in the on-boarding phase.

Revenue

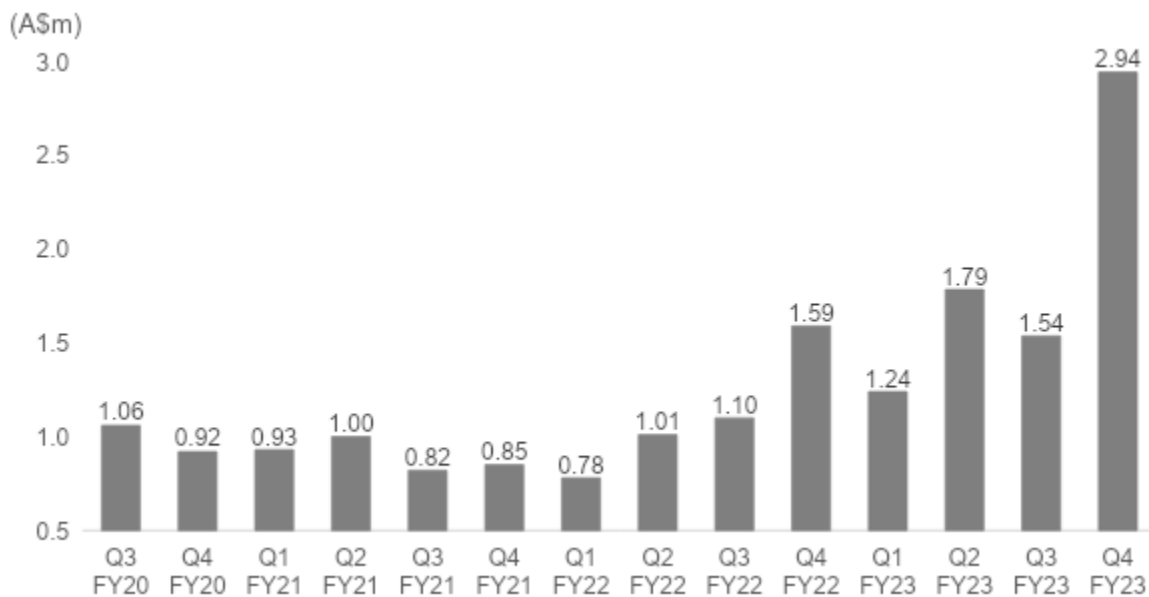
The growing number of contracts has seen an increase in both user numbers as well as ARPU. Period end ARPU of \$24.29, up 21% vs PCP driven by Federal Government ARPU of \$56.41. With a growing number of agencies and users to be onboarded under the GovERP work package, average ARPU is expected to continue to increase in coming quarters thus driving further revenue increases.

ARPU

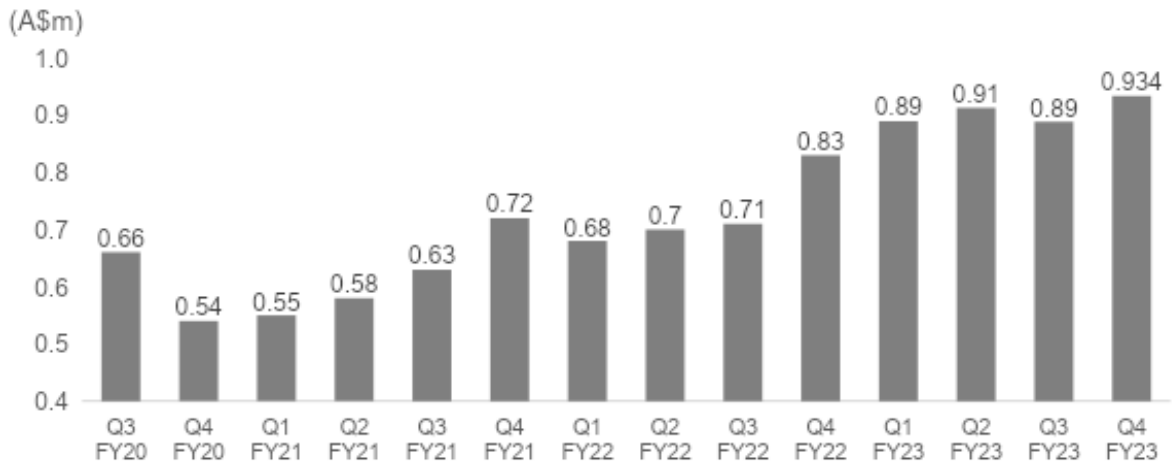


8CO delivered record FY23 total revenue of \$7.5 million, up 65% vs FY22, with transaction and recurring SaaS revenue of \$3.6m, up 24% yoy. The large implementation revenues recognised in the period is anticipated to lead to increased SaaS revenues, improved margins and cashflow when users go live.

Total Revenue



Recurring SaaS & Transaction Revenue



Cashflow Performance

The cashflow performance of the Company improved significantly throughout FY23.

The momentum to positive cashflow has been driven by a combination of strong implementation revenue, cashflow management and a reduction in the spend associated with investment into staff and infrastructure to facilitate the onboarding and rollout of clients under the GovERP program.

Key Risks

The Group is subject to various risk factors. Some of these are specific to its business activities while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of the Group.



Impact of Coronavirus (COVID-19) Pandemic

8common continues to consider the implications of the COVID-19 pandemic on its business. Throughout 2023, the group has continued to manage the risk that COVID-19 poses to the health and safety of its workforce across all jurisdictions that it operates in. COVID-19 also poses implications to other risks highlighted including financial, operational and employee management, including attracting and retaining talent.



Strategic Risk

8common operates in a client-focused industry and is therefore exposed to the evolving preferences and requirements of its clients. The Company is focused on mitigating strategic risk by engaging with senior leaders at key clients on a highly frequent basis. These engagements ensure the Company's products and services remain relevant and attractive to the market.



Client Concentration

In addition to the strategic risk, 8common has a client base concentrated on Government entities. The group currently is the single provider of Travel & Expense Management services with the Federal Government (GOVERP) and the loss of this could have an impact on the business. Accordingly, management are in continuous contact with the relevant leaders at the clients to ensure renewal of these contracts.



Product technology risk and changes

The Expense8 product has technological risks which the business believes are evolving at rapid pace. The group mitigates this risk by continually investing in further enhancing and developing its Expense8 product.

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Financing Risk

There is no certainty regarding the ability of the Group to raise sufficient funds to meet its needs into the future. The Group's future capital requirements depend on several factors including its ability to generate sufficient income from its operations.



Cybersecurity and Data Management

Data and information security is essential to protect business critical intellectual property and data privacy, continuing advances in technology, systems and communication channels mean increasing amounts of private and confidential data are now stored electronically. This, together with increasing cybercrime, heightens the need for robust data security.



Key Partnership

The Company relies on select partners to support sales and delivery of strategic initiatives. Suboptimal performance of these partners could have a significant impact on 8common's ability to deliver against strategic initiatives.



People and Culture

8common's ability to deliver on strategic targets is reliant on retaining and attracting experienced, skilled and motivated talent. It also requires strong, resilient and effective leaders as the business grows at pace.



Regulatory Risks

The introduction of new policies or legislation or amendments to existing policies or legislation and the failure by governments to act promptly to introduce new or amend existing policies or legislation that governs Group operations or contractual obligations, could impact adversely on the operations and, ultimately, the financial performance of the Group.

Outlook

The Company continues to expand its presence amongst government, not for profit and large enterprises. As more entities progress through the on-boarding phase of Expense8 and into Live Users under the GovERP program, we anticipate user numbers to continue to grow in coming quarters. The growth of users on our platforms is anticipated to increase our ARPU over FY24 and beyond, delivering material revenue growth for the Company and driving profitability and further positive cash flows for the group. Furthermore, our partner program is expected to fuel our growth as we are seeing an influx of new prospects entering the pipeline through our partners, including both Government prospects and non-Government prospects (both Australian and International).

Environmental Issues

The company takes a responsible approach in relation to the management of environmental matters. All significant environmental risks have been reviewed and the consolidated entity has no legal obligation to take corrective action in respect of any environmental matter. The consolidated entity's operations are not subject to significant environmental regulations.

Dividends Paid or Recommended

No dividend has been paid or declared in relation to the financial year ended 30 June 2023.

Indemnifying and insurance of officers

The company has indemnified all current and previous directors of the consolidated entity, the company secretary and certain members of senior management against all liabilities or loss (other than to the company or a related body corporate) that may arise from their position as officers of the company and its controlled entities, except where the liabilities arise out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the company will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an officer of the company.

During the financial year, 8common Limited paid a premium of \$43,727 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnifying and insurance of auditor

The company's insurance contract does not provide cover for the independent auditors of the company or of a related body corporate of the company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable by 8common Limited for non-audit services provided by an entity related to the audit firm during the year ended 30 June 2023:

Taxation services	\$
	3,110
	<hr/>
	3,110
	<hr/> <hr/>

Employee Share Options

At the date of this report, the unissued ordinary shares of 8common Limited under Employee share option plan are as follows:

	Grant Date	Expiry date	Exercise Price	Number of Options
Employee Option Plan	30 June 2023	31 May 2026	\$0.084	4,774,594
Employee Option Plan	30 November 2022	30 November 2025	\$0.13	800,000
Employee Option Plan	30 June 2022	31 May 2025	\$0.13	6,740,000
Employee Option Plan	30 November 2021	30 November 2024	\$0.16	1,175,000
Employee Option Plan	30 June 2021	30 June 2024	\$0.16	6,075,000
Employee Option Plan	27 November 2020	27 November 2023	\$0.20	450,000
Total				20,014,594

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 25 of the financial report.

Auditor

Walker Wayland NSW Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

Options

At the date of this report, there were no options on issue listed on the Australian Securities Exchange.

Information Relating to Directors

Kah Wui "Nic" Lim

– Managing Director and Executive Chairman

Qualifications

– Bachelor of Commerce (Western Sydney University) and Bachelor of Law (University of Technology, Sydney)

Experience

– Founder of 8common, investor and Board member of various technology companies over the last 20 years. Co-Founded Catcha.com in 1999, Nic left an operational role in 2003 and remained on the Board member of various subsidiaries until 2010. He is an Independent Director on the Board of Genius Group Ltd (GNS:NYSE). Nic established a career in finance and advisory until 2012 and was most recently attached to the Fixed Income Sales team within the Investment Bank of Morgan Stanley in Singapore. He was also previously with UBS and Credit Suisse in Hong Kong.

Interest in Shares and Options

– 26,958,025 ordinary shares in 8common Limited.
675,000 options

Special Responsibilities

– None

Directorships held in other listed entities during the last three years – None

Adrian Bunter	– Independent, Non-Executive Director
Qualifications	– Bachelor of Business (University of Technology, Sydney) and a Graduate Diploma in Applied Finance. Member of Chartered Accountants Australia and New Zealand, Senior Associate of Financial Services Institute of Australia
Experience	– Adrian has 27 years experience in accounting, finance and a broad range of corporate advisory roles including mergers and acquisitions, divestments of business, debt/equity raisings and strategy development and execution. He is a Partner of one of Australia's leading boutique specialist technology, media and commerce financial advisory firms, an executive committee member of Australia's leading angel investing group, Sydney Angels and an advisor to or non-executive director of several high growth technology businesses.
Interest in Shares and Options	– 150,000 ordinary shares in 8common Limited. 600,000 options
Special Responsibilities	– Member of the Remuneration Committee and member of the Audit Committee
Directorships held in other listed entities during the last three years	– Non-Executive Chairman of Carly Holdings Limited (ASX: CL8)
John Du Bois	– Independent, Non-Executive Director
Qualifications	– IAC (Institute of Administration & Commerce Zimbabwe) Law Economics and Accounts. Macquarie University Graduate School of Business - Banking and Finance. INSEAD Executive Leadership. Australian Graduate School of Management Leadership and Management Monash University NLP Advanced Techniques Chisholm Institute/Monash University Data Processing Programming Analysis Structure and Information
Experience	– John has over 35 years experience in executive leadership leading transforming and building early stage and established businesses, including mergers, acquisitions and divestments. He is Chairman of Avigna, Global Mentor for Everwise.
Interest in Shares and Options	– 378,698 ordinary shares in 8common Limited 550,000 options
Special Responsibilities	– Member of the Remuneration Committee and member of the Audit Committee
Directorships held in other listed entities during the last three years	– N/A
Kok Fui Lau	– Independent, Non-Executive Director
Qualifications	– Master in Business Administration from Henley Management College United Kingdom Advance Management Program Training at GE Crotonville Aircraft Maintenance Engineer Licences.
Experience	– Lau has 40 years of experience working in Aviation, media, IOT, Digital Transformation and IT industries covering a broad range of roles including business formation, mergers and acquisitions, divestments of business, and strategy development and execution. He was a Managing Director of the General Electric Company as well as Regional Director of Business Development covering the Asia Pacific Region. He was recognised for many successful operational and business achievements.
Interest in Shares and Options	– 17,224,886 ordinary shares in 8common Limited 200,000 options

Special Responsibilities – NA
 Directorships held in other listed entities during the last three years – MSCM Berhad Malaysia. (Formerly Panpages Berhad Malaysia)

Meetings of Directors

During the financial year, 13 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Kah Wui "Nic" Lim	10	10	-	-	-	-
John Du Bois	10	9	2	2	1	1
Adrian Bunter	10	10	2	2	1	1
Kok Fui Lau	10	8	2	2	1	1

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Group for FY23. The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation

These disclosures have been audited, as required by section 308(3c) of the Corporations Act 2001.

Role of the remuneration committee

The remuneration committee is a committee of the Board. It is primarily responsible for making recommendations to the Board to ensure 8common's remuneration structures are equitable and aligned with the long-term interests of 8common and its Shareholders. The remuneration committee will have regard to relevant company policies in attracting and retaining skilled executives, and structuring short and long-term incentives that are challenging and linked to the creation of sustainable Shareholder returns.

In relation to remuneration matters, the committee's responsibilities are to ensure that 8common:

- has coherent remuneration policies and practices which enable 8common to attract and retain executives and Directors who will create value for Shareholders;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of 8common, the performance of the executives and the general remuneration environment; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet 8common's needs.

The Corporate Governance Statement provides further information on the role of this committee.

The Chief Executive Officer and the Chief Financial Officer attend meetings by invitation to assist the Committee in its deliberations except on matters associated with their own remuneration.

A. Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its Directors and executives.

To prosper, the Group must attract, motivate and retain highly skilled Directors and executives. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- ensure that a significant portion of executive remuneration is 'at risk', and therefore dependent on meeting pre-determined performance benchmarks; and

- establish appropriate performance hurdles in relation to variable executive remuneration.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with the corporate governance principles and recommendation, the structure of Non-Executive Director and senior manager remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, while incurring costs that are acceptable to shareholders.

Structure

Each Non-Executive Director will receive a fixed fee for being a Director of the Group. The current fee is \$36,000 per annum.

The constitution and the ASX Listing Rules specify that the maximum aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fixed fees paid to Directors are reviewed annually. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. The current aggregate amount as approved by the shareholders is \$300,000.

Executive remuneration

Objective

The Company aims to reward key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and:

- Reward key management personnel for achievement of pre-determined key performance indicators;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

The Remuneration for key management personnel and staff will include an annual review using a formal performance appraisal process. The Remuneration Committee recommends to the Board the level of fixed remuneration each year based on the performance of individuals.

Structure

A policy of the Board is to establish employment or consulting contracts with the Chairman, Chief Executive Officer and other senior executives. At the time of this report there are employment agreements in place for the members of the Board and senior management.

Current remuneration agreements only consist of fixed remuneration. The Board and senior management are reviewing the remuneration agreements with the view of incorporating long-term equity-based incentives that are subject to satisfaction of performance conditions. There have been one off grants of long term equity incentives in 2020 to 2023 which are intended to retain key executives and reward performance.

Fixed remuneration

The level of fixed remuneration is set as to provide a base level of remuneration that is both appropriate to the position and is competitive in the market. Fixed remuneration comprises of payroll salary, superannuation and other benefits. Individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation or other benefits.

Remuneration Policy and Performance

The Company is currently reviewing the remuneration policies applicable to the CEO and CTO as well as the general manager and other senior personnel of the Company in relation to KPI's and extent of remuneration, which is 'at risk'. The review will assist the Company to better structure remuneration policies in accordance with current trends and practices in corporate remuneration.

Relationship between remuneration policy and company performance

The Company is currently reviewing its remuneration policies as indicated above.

Details of the remuneration of the Directors and other key management personnel (as defined in AASB 124 Related Party Disclosures) of 8common Limited are set out in the following tables.

B. Details of remuneration (audited)

Name	Post-Employment Benefits				Performance related
	Cash salary and fees	Superannuation	Share based payments	Total	
2023	\$	\$	\$	\$	%
Non-executive directors					
John Du Bois	36,000	-	10,620	46,620	-
Adrian Bunter	36,000	-	10,620	46,620	-
Kok Fui Lau	36,000	-	10,620	46,620	-
Total non-executive directors	108,000	-	31,860	139,860	-
Executive directors and key management personnel					
Kah Wui "Nic" Lim (i)	199,752	-	10,620	210,372	-
Zoran Grujic (Chief Financial Officer)	79,759	-	12,592	92,351	-
Andrew Bond (Chief Executive Officer)	213,570	22,425	23,199	259,194	-
Rory Koehler (Chief Technology Officer) (ii)	184,449	-	23,199	207,648	-
Ben Brockhoff (Chief Operating Officer)	177,975	18,687	23,199	219,861	-
Total executive directors & key management	855,505	41,112	92,809	989,426	-
Total	963,505	41,112	124,669	1,129,286	-

(i) Mr Lim is not based in Australia and hence no local superannuation is payable on his remuneration.

(ii) Mr Koehler is not based in Australia and hence no local superannuation is payable on his remuneration.

Name	Post-Employment Benefits				Performance related
	Cash salary and fees	Superannuation	Share based payments	Total	
2022	\$	\$	\$	\$	%
Non-executive directors					
John Du Bois	36,000	-	24,827	60,827	-
Nyap Liou "Larry" Gan	27,000	-	24,827	51,827	-
Adrian Bunter	36,000	-	24,827	60,827	-
Kok Fui Lau	9,000	-	-	9,000	-
Total non-executive directors	108,000	-	74,481	182,481	-

Executive directors and key management personnel					
Kah Wui "Nic" Lim (i)	176,771	-	31,598	208,369	-
Zoran Grujic (Chief Financial Officer)	68,468	-	14,117	82,585	-
Andrew Bond (Chief Executive Officer)	207,215	20,721	24,063	251,999	-
Rory Koehler (Chief Technology Officer) (ii)	147,546	-	24,063	171,609	-
Ben Brockhoff (Chief Operating Officer)	174,117	17,412	24,063	215,592	-
Total executive directors & key management	774,117	38,133	117,904	930,154	-
Total	882,117	38,133	192,385	1,112,635	-

- (i) Mr Lim is not based in Australia and hence no local superannuation is payable on his remuneration.
(ii) Mr Koehler is not based in Australia and hence no local superannuation is payable on his remuneration.

C. Service agreements

Mr Kah Wui "Nic" Lim was appointed as the Executive Chairman and is based in Singapore, and reports to the Board by way of an executive service agreement. The appointment of Nic is for an unspecified term. Either 8common or Mr Lim may terminate the appointment with 6 months' notice or alternatively in 8common's case, payment in lieu of notice. Upon the termination of Mr Lim's employment contract, he will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. The fixed remuneration payable to Mr Lim comprises a remuneration of \$199,752 inclusive of all entitlements.

Mr Andrew Bond was appointed as the Chief Executive Officer and is based in Sydney Australia, and reports to the Board by way of an executive service agreement. Either 8common or Mr Bond may terminate the appointment with 3 months' notice or alternatively in 8common's case, payment in lieu of notice. Upon the termination of Mr Bond's employment contract, he will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. The fixed remuneration payable to Mr Bond was reviewed during the financial year and comprises a remuneration of \$235,995 per annum plus superannuation.

Mr Zoran Grujic was appointed as the Chief Financial Officer and is based in Sydney Australia, and reports to the Board by way of an executive service agreement. Either 8common or Mr Grujic may terminate the appointment with 3 months' notice or alternatively in 8common's case, payment in lieu of notice. Upon the termination of Mr Grujic's service contract, he will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. The fixed remuneration payable to Mr Grujic was reviewed during the financial year and comprises a remuneration of \$79,759 per annum.

Mr Ben Brockhoff was appointed as the Chief Operations Officer and is based in Sydney Australia, and reports to the Board by way of an executive service agreement. Either 8common or Mr Brockhoff may terminate the appointment with 3 months' notice or alternatively in 8common's case, payment in lieu of notice. Upon the termination of Mr Brockhoff's employment contract, he will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. The fixed remuneration payable to Mr Brockhoff was reviewed during the financial year and comprises a remuneration of \$177,975 per annum plus superannuation.

Mr Rory Koehler was appointed as the Chief Technology Officer and is based in Singapore, and reports to the Board by way of an executive service agreement. Either 8common or Mr Koehler may terminate the appointment with 3 months' notice or alternatively in 8common's case, payment in lieu of notice. Upon the termination of Mr Koehler's service contract, he will be subject to a restraint of trade period of up to 12 months. The enforceability of the restraint clause is subject to all usual legal requirements. The fixed remuneration payable to Mr Koehler was reviewed during the financial year and comprises a remuneration of \$184,449 per annum.

D. Share-based compensation (audited)

Loans to directors and executives

There were no loans to Directors or executives during or since the end of the year.

Share holdings of key management personnel.

Directors and key management personnel of 8common Limited ordinary shares	Balance at the start of the year	Other changes during the year	Balance at the end of the year
2023			
John Du Bois	378,698	-	378,698
Adrian Bunter	150,000	-	150,000
Kah Wui "Nic" Lim	26,845,461	112,564	26,958,025
Kok Fui Lau	17,224,886	-	17,224,886
Zoran Grujic	4,409,623	98,574	4,508,197
Andrew Bond	152,373	201,053	353,426
Ben Brockhoff	60,337	84,522	144,859
Rory Koehler	199,090	159,909	358,999
Total	49,420,468	656,622	50,077,090

Directors and key management personnel of 8common Limited ordinary shares	Balance at the start of the year	Other changes during the year	Balance at the end of the year
2022			
John Du Bois	428,698	(50,000)	378,698
Nyap Liou "Larry" Gan	14,430,576	-	14,430,576
Adrian Bunter	150,000	-	150,000
Kah Wui "Nic" Lim	26,608,340	237,121	26,845,461
Kok Fui Lau	17,224,886	-	17,224,886
Zoran Grujic	4,345,987	63,636	4,409,623
Andrew Bond	100,000	52,373	152,373
Ben Brockhoff	72,946	(12,609)	60,337
Rory Koehler	90,000	109,090	199,090
Total	63,451,433	399,611	63,851,044

Options holdings of key management personnel.

Directors and key management personnel of 8common Limited options	Balance at the start of the year	Options acquired or disposed of during the year	Options cancelled during the year	Balance at the end of the year
2023				
Adrian Bunter	400,000	200,000	-	600,000
John Du Bois	350,000	200,000	-	550,000
Kah Wui "Nic" Lim	475,000	200,000	-	675,000
Kok Fui Lau	0	200,000	-	200,000
Andrew Bond	4,230,000	750,000	(2,580,000)	2,400,000
Rory Koehler	2,540,000	750,000	(1,190,000)	2,100,000
Ben Brockhoff	3,595,054	750,000	(1,945,054)	2,400,000

Directors and key management personnel of 8common Limited options	Balance at the start of the year	Options acquired or disposed of during the year	Options cancelled during the year	Balance at the end of the year
Zoran Grujic	1,040,000	407,094	(250,000)	1,197,094
Total	12,630,054	3,457,094	(5,965,054)	10,122,094

Directors and key management personnel of 8common Limited options	Balance at the start of the year	Options acquired or disposed of during the year	Options exercised during the year	Balance at the end of the year
2022				
Adrian Bunter	125,000	275,000	-	400,000
John Du Bois	75,000	275,000	-	350,000
Kah Wui "Nic" Lim	125,000	350,000	-	475,000
Andrew Bond	3,480,000	750,000	-	4,230,000
Rory Koehler	1,790,000	750,000	-	2,540,000
Ben Brockhoff	2,845,054	750,000	-	3,595,054
Zoran Grujic	600,000	440,000	-	1,040,000
Total	9,040,054	3,590,000	-	12,630,054

Description of options/rights issued and remuneration

1,274,000 options were issued under the employee share options plan to the Directors during the year with an exercise price of \$0.13 per option and an expiry date of 30 November 2025.

2,128,759 options were issued under the employee share options plan to the employees during the year with an exercise price of \$0.084 per option and an expiry date of 30 May 2026.

2,657,094 options were issued under the employee share options plan to key management personnel during the year with an exercise price of \$0.084 per option and an expiry date of 30 May 2026.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

END OF REMUNERATION REPORT

This Director's report, incorporating the Remuneration report, is signed in accordance with a resolution of the Board of Directors.



Nic Lim
Executive Chairman

31 August 2023
Malaysia

31 August 2023

The Directors
8common Limited
Level 6, 333 George Street
SYDNEY NSW 2000

**AUDITOR'S INDEPENDENCE DECLARATION PURSUANT TO SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF 8COMMON LIMITED AND CONTROLLED
ENTITIES**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2023 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



Walker Wayland NSW
Chartered Accountants



W Aziz
Partner

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
Revenue from continuing operations	3a	7,241,065	4,570,052
Other income	3b	301,476	820
TOTAL REVENUE		<u>7,542,541</u>	<u>4,570,872</u>
EXPENSES FROM CONTINUING OPERATIONS			
Cost of services	4	(3,297,078)	(1,190,111)
Employee and contractor costs	4	(3,876,482)	(3,381,891)
Impairment of goodwill	13	(1,225,108)	-
Occupancy expenses	4	(72,430)	(94,770)
Administration expenses		(636,435)	(471,883)
Computer software and maintenance		(640,624)	(578,564)
Professional fees		(128,077)	(195,576)
Marketing costs		(78,000)	(62,564)
Finance costs	4	(3,135)	(2,328)
Depreciation and amortisation	4	(698,231)	(574,616)
Share based payments	29	(190,166)	(322,326)
TOTAL EXPENSES		<u>(10,845,766)</u>	<u>(6,874,629)</u>
NET LOSS BEFORE INCOME TAX		<u>(3,303,225)</u>	<u>(2,303,757)</u>
Income tax (expense)	5	-	(197,333)
NET LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		<u>(3,303,225)</u>	<u>(2,501,090)</u>
NET LOSS FOR THE YEAR		<u>(3,303,225)</u>	<u>(2,501,090)</u>
Other comprehensive loss			
(Loss)/gain on revaluation of financial assets at fair value through other comprehensive income		(896,979)	278,559
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(4,200,204)</u>	<u>(2,222,531)</u>
Earnings per share			
Basic loss per share – cents per share		(1.49)	(1.14)
Diluted loss per share – cents per share		(1.49)	(1.14)

The accompanying notes form part of these consolidated financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	30 June 2023 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents	9	1,809,403	3,252,940
Trade and other receivables	10	809,186	325,424
Other assets	14	134,761	73,134
Total current assets		2,753,350	3,651,498
Non current assets			
Financial assets	15	290,750	1,263,519
Property, plant and equipment	12	99,166	13,573
Deferred tax assets	18	-	-
Intangible assets	13	2,594,569	3,800,941
Total non-current assets		2,984,485	5,078,033
Total assets		5,737,835	8,729,531
Current liabilities			
Trade and other payables	16	1,919,515	1,121,680
Contract liabilities	17	380,767	379,578
Provisions	19	259,842	244,906
Total current liabilities		2,560,124	1,746,164
Non-current liabilities			
Provisions	19	128,709	93,158
Total non-current liabilities		128,709	93,158
Total liabilities		2,688,833	1,839,322
Net assets		3,049,002	6,890,209
Shareholders' equity			
Contributed equity	20	16,946,815	16,777,951
Accumulated Losses		(13,027,577)	(9,204,677)
Asset revaluation reserve	24	(2,200,623)	(1,823,286)
Share based payment reserve	29	1,330,387	1,140,221
Total shareholders' equity		3,049,002	6,890,209

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		7,688,516	4,762,276
Interest received		15,550	819
Payments to suppliers and employees		(7,969,092)	(6,423,560)
Net cash (used in) operating activities	23a	<u>(265,026)</u>	<u>(1,660,465)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of plant and equipment assets		(44,682)	-
Payment for software development costs		(1,205,981)	(1,899,630)
Proceeds from disposal of investments		72,151	-
Net cash (used in) investing activities		<u>(1,178,511)</u>	<u>(1,899,630)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net Proceeds from conversion of options and issue of ordinary shares		-	3,589,850
Net cash provided by financing activities		<u>-</u>	<u>3,589,850</u>
NET (DECREASE)/INCREASE IN CASH HELD		(1,443,537)	29,755
Cash and cash equivalent at beginning of financial year		3,252,940	3,223,185
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	<u><u>1,809,403</u></u>	<u><u>3,252,940</u></u>

The accompanying notes form part of these consolidated financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Contributed Equity	Accumulated Losses	Asset Revaluation Reserves	Share based payment reserve	Total
	\$	\$	\$	\$	\$
BALANCE AT 30 JUNE 2021	13,148,139	(6,749,042)	(2,101,845)	826,833	5,124,085
Comprehensive income					
Loss for the year	-	(2,501,090)	-	-	(2,501,090)
Other comprehensive income	-	-	278,559	-	278,559
Total comprehensive loss	-	(2,501,090)	278,559	-	(2,222,531)
Issue of shares	3,860,996	-	-	-	3,860,996
Share issue costs	(231,184)	-	-	-	(231,184)
Share based payment	-	-	-	358,810	358,810
Transfer to Accumulated losses	-	45,422	-	(45,422)	-
BALANCE AT 30 JUNE 2022	16,777,951	(9,204,710)	(1,823,286)	1,140,221	6,890,176
Comprehensive income					
Loss for the year	-	(3,303,225)	-	-	(3,303,225)
Other comprehensive income	-	-	(896,979)	-	(896,979)
Total comprehensive loss	-	(3,303,225)	(896,979)	-	(4,200,204)
Issue of shares	168,864	-	-	-	168,864
Share based payment	-	-	-	190,166	190,166
Transfer to Accumulated losses	-	(519,642)	519,642	-	-
BALANCE AT 30 JUNE 2023	16,946,815	(13,027,577)	(2,200,623)	1,330,387	3,049,002

The accompanying notes form part of these financial statement

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of 8common Limited and its Controlled Entities (the “consolidated group” or “group”).

The financial statements were authorised for issue on 31 August 2023 by the directors of the company.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Going Concern basis of accounting

The Group has incurred a net loss after tax for the year ended 30 June 2023 of \$3,303,225 (2022: loss of \$2,501,090 with the cash outflow used in operating activities of \$265,026 (2022: cash outflows of \$1,660,465). As at 30 June 2023, the Group has a net current asset position of \$193,226 (2022: \$1,905,334) which includes Contract Liabilities of \$380,767 (30 June 2022: \$379,578) Contract liabilities are unearned revenue which will be recognised over the coming 2024 financial year as revenue, which has no associated cash outflow.

The Directors believe there are reasonable grounds that the Group will be able to continue as a going concern after consideration of the following factors:

- Despite the impacts of COVID-19 and the current macro-economic environment, the current business development prospects have improved, with new clients onboarded to the platform and the announcement as the solution provider of Travel and Expense Management for the Australian Government GovERP Complementary (edge) capabilities panel (Edge Panel), part of the Government’s Shared Services Transformation Initiative to provide common resourcing and streamlined provision of services across the Australian Public Sector;
- Further sale proceeds in the form of Cloudfare shares provides another avenue of liquidity should the business require it;
- The Directors remain committed to the long-term business plan that is contributing to improved results as the business progresses;
- The budgets and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved results; and
- Furthermore, the Directors have the option of seeking further funding to support working capital and the business development activities of the Group by way of equity or convertible note debt finance.

The Directors are of the opinion that these factors will allow the Group to focus on growth areas and on improving profitability. The Directors continue to monitor the situation closely and are focused on taking all measures necessary to optimise the Group’s performance.

The Directors believe that the above indicators demonstrate that the Group will be able to pay its debts as and when they become due and payable, and to continue as a going concern, and be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the Directors believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

In the event that the Group does not achieve the conditions stated by the Directors, the ability of the Company and therefore the Group to continue as a Going Concern may be impacted, and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Group and company not continue as going concerns.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b) Significant accounting judgments, estimates and assumptions

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumption and conditions and may materially affect the financial results or the financial position reported in future years.

Critical accounting judgements, estimates and assumptions

i. Impairment – Intangibles

The Group assesses impairment at the end of each reporting year by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions.

During the year the group has impaired the original Goodwill related to the purchase of Expense8 Pty Limited by \$1,225,108. Over the years since the original recognition of the goodwill, the Group has continually evolved the business and improved the product to a point where it is has materially changed from the original product. As a result the Group has taken the view that the original amount related to goodwill should be reduced to NIL.

ii. Provision for impairment of receivables

The directors have considered the recoverability of all trade receivable balances and they are of the opinion that no impairment provision is necessary. This estimate is based on their judgment.

iii. Intellectual Property – Software useful lives

Expense8 and Perform8 Software is recognised at the cost of acquisition. These assets are deemed to have an infinite useful life, however the directors based on their estimates and judgments have assessed a useful life of 1 to 5 years and are carried at cost less accumulated amortisation.

iv. Capitalised Development Costs

Judgment is required in distinguishing the research and development phases of a new software development project. It is also required in determining whether the recognition requirements for the capitalisation of development costs are met. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Capitalised developments costs — as disclosed in Note 13 'Intangible Assets' have been capitalised on the basis that management expects future economic benefits to be derived by the Group. Capitalised development costs are being amortised over a period of 1 to 5 years, which is commensurate with managements' expectations as to the period of expected future economic from the product development.

v. Going concern basis on accounting

Refer to note 1(a).

vi. Share Based payments

The Group measures the cost of equity-settled transactions with by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

The valuations have been carried out at the grant date. The main areas of judgement and estimates include volatility, risk free rate and revenue growth assumption in the Black Scholes option pricing model.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b) Significant accounting judgments estimates and assumptions (cont)

vii. Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

c) Cash and Cash Equivalents

Cash and cash equivalents include deposits available on demand with banks.

d) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting year are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by officers of the 8common Group to ensure it is not in excess of the recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

f) Financial assets at fair value through other comprehensive income

Initial recognition and measurement

Financial assets are classified, at initial recognition, are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- financial assets at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Financial assets at fair value through Other Comprehensive Income (OCI)

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**f) Financial assets at fair value through other comprehensive income (cont)**

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the asset revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings. Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. No dividends have been received during the year. The Group designated all financial assets in equity instruments that are not held for trading as at FVTOCI on initial recognition (see note 15).

g) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of 8common Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. After initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

*Foreign Currency Transactions and Balances**Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g) Principles of Consolidation (cont)

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the year in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

The accounting for the business combinations is considered provisional.

Intangibles Other than Goodwill

Intellectual Property – Software

Software is recognised at cost of acquisition. These assets are deemed to have an infinite life. These assets will be assessed for impairment on an annual basis.

Development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Travel and Expense Management product development costs are amortised over the period of expected future benefit being 1 to 5 years. Amortisation is recorded in expenses. During the period of development, the assets are tested annually for impairment.

h) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the 8common Group prior to the end of the year and which are unpaid. The amounts are unsecured and are paid in accordance with supplier terms.

i) Contract liabilities

Contract liabilities represent services billed by the Group in advance of meeting its performance obligations to the customer. These obligations typically exist of 12 months and as such are classified as a current liability.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**j) Employee Entitlements***Short-term employee benefits*

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bond rates that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution superannuation benefits

All Australian employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

k) Taxation

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k) Taxation (con't)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

8common Limited and its wholly owned Australian subsidiaries (Expense8 Pty Limited & CardHero Pty Limited) have formed an income tax consolidated group under tax consolidation legislation. Each entity in the 8common Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The 8common Group notified the Australian Taxation Office that it had elected to form an income tax consolidated group.

l) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

m) Share based payments

The Group operates an employee option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

n) Revenue

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

- Step 1: Identify the contract with a customer;
- Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations;
- Step 5: Recognise revenue as the performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n) Revenue (cont)

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Annual Licence Fees are invoiced for 12 months in advance but allocated to Unearned revenue in the Statement of Financial Position until they can be taken to the Profit & Loss in the relevant month over the term of the licence.

Monthly SaaS revenue is monthly revenue taken to the Profit and Loss as per the contract with the customer which is billed monthly in arrears. This includes platform fees, transaction fees, usage fees, card fees and travel fees to name a few inclusions.

Change Requests refer to changes that a client request be made to their system that is specific to them (ie. Change of name, change of authorisation level etc). These are typically invoiced on agreed milestones per the change request. Revenue is recognised upon the completion of work.

Consulting fees relate to revenues earned on non technical 3rd party contractors utilised for projects. These are billed monthly in arrears, which coincides with the service being provided.

Implementation revenue is invoiced and allocated to the Profit and Loss when agreed milestones are achieved during the course of an implementation. Revenue is recognised upon the completion of work.

Other associated services relate to client reimbursements and other miscellaneous revenue.

Interest revenue is recognised using the effective interest method. All revenue is stated net of the amount of goods and services tax.

o) Consumption Taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

p) Accounting Standards Issued but not yet effective

A number of new standards, amendments to standards and interpretations have been published but are not yet mandatory and have not been applied in preparing these financial statements. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the year ended 30 June 2023.

The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 2: PARENT INFORMATION

PARENT ENTITY

2023 2022
\$ \$

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

ASSETS

Current assets	4,257,727	3,083,036
Non-current assets	2,292,786	4,519,708
TOTAL ASSETS	6,550,513	7,602,744

LIABILITIES

Current liabilities	72,259	151,652
Non current liabilities	-	100,517
TOTAL LIABILITIES	72,259	252,169
NET ASSETS	6,478,254	7,350,575

EQUITY

Issued capital	16,946,815	16,777,951
Accumulated losses	(9,078,684)	(8,744,311)
Reserves	(1,389,877)	(683,065)
TOTAL EQUITY	6,478,254	7,350,575

Statement of Profit or Loss and Other Comprehensive Income

Total loss	(334,373)	(840,344)
Other comprehensive income/(loss)	(706,812)	278,559
Total comprehensive loss	(1,041,185)	(561,785)

Guarantees

No cross guarantees existed during the year ended 30 June 2023.

Contingent liabilities

At 30 June 2023, 8common Limited is not responsible for any contingent liabilities of subsidiaries.

Contractual commitments

At 30 June 2023, 8common Limited was not responsible for any contractual commitments of any of its subsidiaries.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 3: REVENUE

	Consolidated Group	
	2023	2022
	\$	\$
a. Revenue		
Consulting fees, Change requests and implementations	3,609,343	1,570,196
Annual Licence fees & SaaS revenue	3,631,128	2,923,974
Other revenue	594	75,882
Total revenue	7,241,065	4,570,052
b. Other Income		
Interest received	15,273	820
Other revenue – reversal of provisions and accruals	286,203	-
Total Other revenue	301,476	820
Total Revenue	7,542,541	4,570,872
Timing of revenue recognition		
Products and services transferred to customers:		
At a point in time	3,436,833	1,401,997
Over time	4,105,708	3,168,875
	7,542,541	4,570,872

NOTE 4: EXPENSES FOR THE YEAR

Loss before income tax from continuing operations includes the following specific expenses:

Expenses

Cost of sales		3,297,078	1,190,111
Interest costs on financial liabilities:			
– unrelated parties		3,135	2,328
Depreciation	12 (a)	23,579	10,221
Amortisation of software development costs	13	674,652	564,395
		698,231	574,616
Employee and contractor costs:			
– defined contribution superannuation expense		207,584	187,857
– Wages & Salaries		1,892,383	1,718,363
– Contractor expenses		1,658,046	1,293,565
– Other costs		118,469	182,106
		3,876,482	3,381,891
Occupancy expenses:			
Rental expense on short term operating leases		72,430	94,770
Impairment of goodwill		1,225,108	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 5: TAX (BENEFIT) / EXPENSE

		Consolidated Group	
		2023	2022
		\$	\$
a.	The components of tax (expense)/income comprise:		
	Current tax	-	43,940
	Deferred tax	-	(241,273)
	Income tax (expense)/income attributable to entity	-	(197,333)
b.	The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
	Prima facie tax payable 25% (2022: 25%) on profit from ordinary activities before income tax	(825,806)	(575,939)
	Tax effect of:		
	Write off of deferred tax assets	-	197,333
	Impairment of goodwill	306,277	-
	Provisions and accruals	297,430	354,258
	Share based payments expense	47,542	80,582
	Amortisation	174,557	141,099
	Income tax expense / (benefit) attributable to entity	-	197,333
c.	Unrecognised deferred tax balances:		
	<i>The following deferred tax assets have not been brought to account:</i>		
	Losses available for offset against future taxable income	5,862,462	4,348,988

Deferred tax assets arising from tax losses are, to the extent noted above, not recognised at reporting date as realisation of the benefit definite. This deferred income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation is complied with, including Continuity of Ownership and/or similar Business Tests; and
- no changes in tax legislation adversely affect the Group in realising the benefit.
- the Group is in the process of preparing its 30 June 2023 consolidated income tax return

No deferred tax assets have been recognised as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2023.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2023	2022
	\$	\$
Short-term employee benefits	963,505	882,117
Post-employment benefits	41,112	38,133
Share based payments	124,669	192,385
Total KMP compensation	1,129,286	1,112,635

Short-term employee benefits

These amounts include fees and benefits paid to the executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Group's superannuation contributions made during the year.

NOTE 7: AUDITORS' REMUNERATION

	Consolidated Group	
	2023	2022
	\$	\$
Remuneration of the auditor, Walker Wayland NSW Chartered Accountants for:		
– auditing or reviewing financial statements	62,000	50,000
– taxation services	3,110	3,603
	65,110	53,603

NOTE 8: LOSS PER SHARE

	Consolidated Group	
	2023	2022
	\$	\$
a. Loss used to calculate basic and diluted loss per share	(3,303,225)	(2,501,090)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share	224,094,903	219,197,139
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive loss per share	224,094,903	219,197,139

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 9: CASH AND CASH EQUIVALENTS

Cash at bank	1,059,403	3,252,940
Term deposits*	750,000	-
	<u>1,809,403</u>	<u>3,252,940</u>

*Term deposits earn interest at between 3.7% to 4% and have maturity dates between 15 September 2023 and 15 December 2023.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>1,809,403</u>	<u>3,252,940</u>
	<u>1,809,403</u>	<u>3,252,940</u>

NOTE 10: TRADE AND OTHER RECEIVABLES
CURRENT

Trade receivables	<u>809,186</u>	<u>325,424</u>
	<u>809,186</u>	<u>325,424</u>

a. **Provision for Impairment of Receivables**

The directors have considered the recoverability of all trade receivable balances and they of the opinion that no impairment provision is necessary.

b. **Credit Risk**

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

The Group has no significant credit risk exposure in any country in which the Group trades.

The balances of receivables that are within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross Amount \$	Past Due and Impaired \$	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
2023							
Trade and other receivables	809,186	-	627,485	90,183	67,098	24,420	627,485
Total	<u>809,186</u>	<u>-</u>	<u>627,485</u>	<u>90,183</u>	<u>67,098</u>	<u>24,420</u>	<u>627,485</u>

	Gross Amount \$	Past Due and Impaired \$	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms \$
			< 30 \$	31-60 \$	61-90 \$	> 90 \$	
2022							
Trade and other receivables	325,424	-	289,661	14,011	1,849	19,903	289,661
Total	<u>325,424</u>	<u>-</u>	<u>289,661</u>	<u>14,011</u>	<u>1,849</u>	<u>19,903</u>	<u>289,661</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
NOTE 10: TRADE AND OTHER RECEIVABLES (CONTINUED)

c. **Financial Assets Classified as Trade and Other Receivables**

	Consolidated Group	
	2023	2022
	\$	\$
Trade and other receivables:		
– total current	809,186	325,424
Financial assets	<u>809,186</u>	<u>325,424</u>

NOTE 11: INTERESTS IN SUBSIDIARIES & ACQUISITIONS

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2023	2022
		%	%
Expense8 Pty Ltd	Australia	100	100
Payhero Holdings Pty Ltd	Australia	100	100
CardHero Pty Ltd	Australia	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2023	2022
	\$	\$
Plant and Equipment		
Plant and equipment:		
At cost	166,599	57,427
Accumulated depreciation	(67,433)	(43,854)
	<u>99,166</u>	<u>13,573</u>

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2023	2022
	\$	\$
Balance at beginning of year	13,573	23,794
Additions/disposals	109,172	-
Depreciation expense	(23,579)	(10,221)
Balance at end of year	<u>99,166</u>	<u>13,573</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13: INTANGIBLE ASSETS

	30 June 2023	30 June 2022
	\$	\$
Goodwill arising on acquisition of Expense8 Pty Ltd	1,225,108	1,225,108
Less: Accumulated Impairment	(1,225,108)	-
Total Goodwill	-	1,225,108
Trademark for Expense8 & 8common	4,800	4,800
Total Trademarks	4,800	4,800
Intellectual property – Expense8	833,000	833,000
Less: accumulated amortisation	(833,000)	(833,000)
	-	-
Development Costs – Expense8	161,585	1,488,054
Additions(i)	693,388	171,838
Less: accumulated amortisation (ii)	(161,585)	(1,498,307)
	693,388	161,585
Development Costs – CardHero	2,399,448	748,621
Additions	-	1,904,008
Less: accumulated amortisation (iii)	(513,067)	(253,181)
	1,886,381	2,399,448
Intellectual property – Payhero	10,000	10,000
	10,000	10,000
Intellectual property – Perform8	900,000	900,000
Less: accumulated amortisation	(900,000)	(900,000)
	-	-
Total Intellectual Property & Development Costs	2,594,569	2,575,833
Total Intangibles	2,594,569	3,800,941

- (i) Amortisation of the additions only commences when the product is ready for use.
- (ii) Travel and Expense Management product development costs are amortised over the period of expected future benefits being between 1 to 5 years. Amortisation is recorded in expenses. During the period of development, the assets are tested annually for impairment.
- (iii) CardHero product development costs are amortised over the period of expected future benefits being 5 years. Amortisation is recorded in expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 13: INTANGIBLE ASSETS (continued)

	Goodwill	Acquired Intellectual property & Trademarks	Software Development Costs – Expense8	Software Development Costs - CardHero	Total
	\$	\$	\$	\$	\$
Consolidated Group:					
Year ended 30 June 2023					
Balance at the beginning of the year	1,225,108	14,800	161,585	2,399,448	3,800,941
Additions	-	-	693,388	-	693,388
Impairment	(1,225,108)	-	-	-	(1,225,108)
Amortisation charge	-	-	(161,585)	(513,067)	(674,652)
	-	14,800	693,388	1,886,381	2,594,569
Consolidated Group:					
Year ended 30 June 2022					
Balance at the beginning of the year	1,225,108	14,800	300,961	748,621	2,289,490
Additions	-	-	171,838	1,904,008	2,075,846
Amortisation charge	-	-	(311,214)	(253,181)	(564,395)
	1,225,108	14,800	161,585	2,399,448	3,800,941

Intangible assets, other than goodwill and intellectual property, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life and is tested for impairment at least annually. Development costs for the Expense8 product have been amortised since 1 January 2017, while the CardHero product started amortisation from 1 December 2021.

Impairment disclosures

Goodwill is allocated to cash-generating units (CGU) which are based on the Group's reporting segments:

	2023	2022
	\$	\$
Australian CGU – Expense8	-	1,225,108

During the year the group has impaired the original Goodwill related to the purchase of Expense8 Pty Limited by \$1,225,108. Over the years since the original recognition of the goodwill, the Group has continually evolved the business and improved the product to a point where it is has materially changed from the original product. As a result the Group has taken the view that the original amount related to goodwill should be reduced to NIL.

The recoverable amount of the Australian CGU above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond 5 years extrapolated using an estimated growth rate. The cash flows are discounted using the company's weighted average cost of capital.

The following key assumptions were used in the value-in-use calculations:

	Terminal Growth	5 year Growth Rate	Discount Rate
Australian CGU	2.0%	28.91% pa	20.18%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 13: Intangible Assets (continued)

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated considering historical gross margins as well as estimated weighted average inflation rates over the year, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

The blended average revenue growth rate of 28.91% has been used for the periods 2024 to 2028. A terminal rate of 2.0% has been used. Management have sensitised the value in use (discounted cash flow model) and note that any further potential impairment is highly dependent on the revenue growth rate applied in the model over the 5 year forecast period.

NOTE 14: OTHER ASSETS

	Consolidated Group	
	2023	2022
	\$	\$
CURRENT		
Prepayments & deposits	134,761	73,134
	134,761	73,134

NOTE 15: FINANCIAL ASSETS

	Note	2023	2022
		\$	\$
Financial assets at fair value through other comprehensive income	(i)	290,750	1,263,519
		290,750	1,263,519

Note:

- (i) This amount relates to the fair value of the shares held in Cloudaron Group Berhad and based on the market price on the Bursa Stock Exchange as at 30 June 2023. A fair value loss of \$896,979 has been recognised as other comprehensive income as a result of movement in the share price of Cloudaron Group Berhad.

As at the date of this report the value of these shares is \$290,750 resulting in no movement.

a) Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 15: FINANCIAL ASSETS (cont)

The following notes (b) and (c) provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial and their categorisation within the fair value hierarchy:

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the year ended 30 June 2023.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclose are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisations (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs in the fair value measurements during the period.

	30 June 2023		30 June 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Consolidated Group:				
Financial assets at fair value through other comprehensive income	290,750	290,750	1,263,519	1,263,519
Total	290,750	290,750	1,263,519	1,263,519

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 30 June 2023:

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$	\$	\$	\$
As at 30 June 2023:				
Financial assets measured at fair value:				
Financial assets at fair value through other comprehensive income	290,750	290,750	-	-

Fair value measurement using

	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$	\$	\$	\$
As at 30 June 2022:				
Financial assets measured at fair value:				
Financial assets at fair value through other comprehensive income	1,263,519	1,263,519	-	-

NOTE 16: TRADE & OTHER PAYABLES

	Consolidated Group	
	2023	2022
	\$	\$
Unsecured liabilities:		
Trade payables	1,590,721	349,080
Sundry payables and accrued expenses	191,125	612,364
Australian Tax Office - GST & PAYG payable	204,082	160,236
	<u>1,985,928</u>	<u>1,121,680</u>

a. **Financial liabilities at amortised cost classified as trade and other payables**

Trade and other payables:

– total current

Financial liabilities as trade and other payables

1,919,515

1,121,680

1,919,5151,121,680

NOTE 17: CONTRACT LIABILITIES

Contract liabilities:	380,767	379,578
Total	<u>380,767</u>	<u>379,578</u>

Contract liabilities represent services billed by the Group in advance of meeting its performance obligations to the customer. These obligations typically exist of 12 months and as such are classified as a current liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 18: TAX

CURRENT

Consolidated Group

2023 2022
\$ \$

Income tax payable

- -

NON CURRENT

Deferred tax asset

- -

Deferred tax asset

	Opening Balance	Charged to Income	Charged Directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
	\$	\$	\$	\$	\$	\$
NON-CURRENT						
Deferred tax assets						
Provisions & accruals	-	-	-	-	-	-
Balance at 30 June 2023	-	-	-	-	-	-
NON-CURRENT						
Deferred tax assets						
Provisions & accruals	197,333	(197,333)	-	-	-	-
Balance at 30 June 2022	197,333	(197,333)	-	-	-	-

The Group has reviewed its deferred tax assets with reference to the potential impact of COVID-19 on forecast taxable profits. At year end, Management has assessed the probability of the group generating future taxable profits that will be available against which the benefits of the deferred tax asset can be utilised. As a result of Management's assessment, a write down of \$197,333 has been recognised against the full carrying value of the deferred tax asset. No deferred tax assets have been recognised as at 30 June 2023.

NOTE 19: PROVISIONS

Analysis of total provisions

Consolidated Group

2023 2022
\$ \$

Current – leave

259,842 244,906

Non-current – leave

128,709 93,158

388,551 338,064

Balance at beginning of year

338,064 297,477

Additions in the year/(amounts used)

50,487 40,587

Balance at end of year

388,551 338,064

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 19: PROVISIONS (continued)

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of the annual leave balance classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(j).

NOTE 20: CONTRIBUTED EQUITY

	Date	Price	No.	\$
Balance as at 30 June 2022			222,254,704	16,777,951
Shares issued	18 November 2022	\$0.098	541,772	53,276
Shares issued	15 February 2023	\$0.095	584,906	55,566
Conversion of options	2 March 2023	\$0.091	100,000	9,100
Shares issued	23 June 2023	\$0.083	613,521	50,922
		Total	1,840,199	168,864
Balance as at 30 June 2023			224,094,903	16,946,815

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**NOTE 20: CONTRIBUTED EQUITY (continued)****a. Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Consolidated Group	
	2023	2022
	\$	\$
Total borrowings	-	-
Less cash and cash equivalents	(1,809,403)	(3,252,940)
Net Debt	(1,809,403)	(3,252,940)
Total equity	3,049,002	6,890,209
Total capital	16,946,815	16,777,951
Gearing ratio	0%	0%

NOTE 21: CAPITAL AND LEASING COMMITMENTS

The company does not have any capital or operating leases and accordingly has no commitments to report.

NOTE 22: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets as at the date of this annual report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 23: CASH FLOW INFORMATION

	Consolidated Group	
	2023 \$	2022 \$
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax	(3,303,225)	(2,501,090)
Non-cash flows in profit:		
- Amortisation	674,652	564,395
- Depreciation	23,579	10,221
- Non-cash share based payment	190,166	322,326
- Impairment of goodwill	1,225,108	-
- Reversal of accruals	(199,642)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase)/Decrease in trade and other receivables	483,761	(185,907)
- Decrease/(Increase) in other assets	61,628	35,270
- (Decrease)/Increase in trade payables, accruals and contract liabilities	528,461	(131,501)
- Decrease / (Increase) in deferred tax assets	-	197,333
- Increase in provisions	50,486	28,488
Cash flow from Operating activities	(265,026)	(1,660,465)
b. Acquisition of Entities		
Refer to Note 11: Interests in subsidiaries		
c. During the year \$172,312 worth of shares were issued to employees as part of an issue in lieu of receiving the cash. A total of 1,840,199 ordinary shares were allocated.		

NOTE 24: ASSET REVALUATION RESERVE

Asset revaluation reserve relates to unrealised gain or loss on the revaluation of financial assets held at fair value through other comprehensive income.

NOTE 25: EVENTS AFTER THE REPORTING YEAR

There have been no events after the end of the financial year.

NOTE 26: OPERATING SEGMENTS

The Group operates in the Expense management software industry in Australia. The chief operating decision makes are provided with consolidated information when assessing strategic and operating decisions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 27: RELATED PARTY TRANSACTIONS

Related Parties

a. **The Group's main related parties are as follows:**

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is 8common Limited, which is incorporated in Australia.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

(iii) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. **Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

A company that Mr Lim is an owner of 8capita Sdn Bhd, provided outsourced labour hire to the group during the year. The total value of the services provided for the current year was \$443,893 (2022: \$345,664).

A company that Mr Grujic is a part owner of Bespoke Insurance Group Pty Limited, provided insurance services to the group during the year. The total value of the services provided for the current year was \$127,914 (2022: \$46,807).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 28: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, account receivable and payable, loans to and from subsidiaries, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statement, are as follows:

	Note	Consolidated Group	
		2023 \$	2022 \$
Financial assets			
Cash and cash equivalents	9	1,809,403	3,252,940
		<u>1,809,403</u>	<u>3,252,940</u>
Trade and other receivables	10	809,186	325,424
Financial assets at fair value through other comprehensive income	15	290,750	1,263,519
		<u>1,099,936</u>	<u>1,588,943</u>
Total financial assets		<u>2,909,339</u>	<u>4,841,883</u>
Financial Liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	16	1,919,515	1,121,680
Total financial liabilities		<u>1,919,515</u>	<u>1,121,680</u>

Financial Risk Management Policies

The Audit Committee has the responsibility of managing the financial risk exposures of the consolidated group. The consolidated entity's activities expose it to a variety of financial risks: market risks (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous year.

a. **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the consolidated group. The consolidated groups has adopted a policy of generally dealing with reputable counterparties as a means of mitigating the risk of financial loss from defaults

Trade receivables consist of a large number of customers and ongoing credit evaluation is performed on the accounts regularly. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The carrying amounts of financial assets recorded in the financial statements, net of any allowance for losses, represent the consolidated entity's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 28: FINANCIAL RISK MANAGEMENT (CONTINUED)

b. **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long-term funding and liquidity management requirements. The consolidated entity manages liquidity by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets with financial liabilities.

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	2023	2023	2023	2023
	\$	\$	\$	\$
Consolidated Group				
Financial liabilities due for payment				
Trade payables	1,919,515	-	-	1,919,515
Total contractual outflows	1,919,515	-	-	1,919,515

	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	2022	2022	2022	2022
	\$	\$	\$	\$
Consolidated Group				
Financial liabilities due for payment				
Trade payables	1,121,680	-	-	1,121,680
Total contractual outflows	1,121,680	-	-	1,121,680

c. **Fair values**

The fair values of financial assets and financial liabilities at balance date equate to their carrying values.

d. **Market risk**

(i) *Interest rate risk:*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. Interest rate risks on interest earning cash balances are not considered material.

(ii) *Foreign currency risk*

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. Other than supplier invoices denominated in foreign currencies and the financial assets held in Cloudaron Group Berhad (listed on Bursa Malaysia CLOUD:MK) as per note 15, the Group did not have any material transactions denominated in foreign currency and was not significantly exposed to foreign currency risk through foreign exchange rate fluctuations.

(iii) *Fair Market Value*

The fair value of the groups Cloudaron Group Berhad investment is subject to movements in the share price of Cloudaron on the Bursa Malaysia Stock Exchange. Every movement of 1 MYR in the share price will have an approximate \$122k positive or negative impact on the carrying value of the investment and other comprehensive income. As at the date of this report the value of these shares is \$290,750.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 29: SHARE BASED PAYMENTS

Employee Share Option Plan

The Group established the 8common Employee Share Option Scheme (ESOS) on 27 November 2020 as a long-term incentive scheme to recognise talent and motivate employees to strive for group performance. All employees are entitled to participate in the share option scheme. Employees are granted options which vest over two years. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including growth in shareholder return, return on equity, cash earnings and Group earnings per share growth.

On 30 November 2022, 800,000 share options were granted to the Directors (as approved during the AGM) in the 8common Limited employee share option plan to take up ordinary shares at an exercise price of \$0.13 each. The options are exercisable on or before 30 November 2025. The options hold no voting or dividend rights and are not transferable.

On 30 June 2023, 4,785,853 share options were granted to KMP & other employees in the 8common Limited employee share option plan to take up ordinary shares at an exercise price of \$0.084 each. The options are exercisable on or before 31 May 2026. The options hold no voting or dividend rights and are not transferable. The Company notes that all Options granted to employees via the ESOS have all vested as at 30 June 2023.

Further details of these options are provided in the directors' report. The options hold no voting or dividend rights and are unlisted. The options lapse within 30 days when a key management personnel ceases their employment with the Group should they not exercise their option.

	Number	Weighted Average exercise price \$
Balance as at beginning of the year	15,905,054	0.14
Options converted/lapsed during the year	(1,476,313)	0.168
Options granted during the year	800,000	0.13
Options granted during the year	4,785,853	0.084
Balance as at 30 June 2023	20,014,594	0.13

The weighted average remaining life of options outstanding at year-end is 1.68 years. The average exercise price of outstanding options at the end of the reporting period is \$0.13.

The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.

The weighted average fair value of options vested during the year was \$190,166 (2022: \$322,326). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Grant Date	30 June 2023	30 November 2022	30 June 2022	30 November 2021	30 June 2021	27 November 2020
Number options issued	4,774,594	800,000	6,740,000	1,175,000	6,075,000	450,000
Weighted average exercise price:	\$0.08	\$0.13	\$0.13	\$0.16	\$0.16	\$0.20
Weighted average life of the option:	2 years 11 mths	3 years	2 years 11 mths	3 years	3 years	3 years
Expected share price volatility:	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Risk-free interest rate:	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
Fair value per option	\$0.02	\$0.03	\$0.03	\$0.04	\$0.04	\$0.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 29: SHARE BASED PAYMENTS (continued)

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future. The remaining Share based payment reserve of \$1,330,387 as at 30 June 2023 (2022: \$1,140,221) relates to employee share option reserve recognised as expenses on valuation of the employee share options.

NOTE 30: COMPANY DETAILS

The registered office of the company is:

8common Limited
Level 11, Suite 11.01
60 Castlereagh Street
SYDNEY NSW 2000

The principal places of business are:

- 8common Limited
Expense8 Pty Limited
Level 6
333 George Street
SYDNEY NSW 2000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of 8common Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 26 to 57 are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



.....
Kah Wui "Nic" Lim

Director

Dated this 31 day of August 2023

Malaysia

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF 8COMMON LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

OPINION

We have audited the accompanying financial report of 8common Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- I. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- II. complying with Australian Accounting Standards and the Corporations Regulations 2001.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of a Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) (Including Independence Standards) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

The key audit matters (“KAM”), are the matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year ended 30 June 2023. The matters were addressed in the context of our audit of the financial report, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the KAM
<p>Going Concern Basis of Accounting (Note 1a)</p> <p>The Group has incurred a net loss after tax for the year ended 30 June 2023 of \$3,303,225 (2022: loss of \$2,501,090) and incurred a cash outflow from operating activities of \$265,026 (2022: cash outflows of \$1,660,465). These conditions may cast significant doubt on the Group’s ability to continue as a going concern, however, the directors have made an assessment that no material uncertainty exists in relation to the Group’s ability to continue as a going concern as a result of the mitigating factors referred to below. Accordingly the directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report.</p> <p>The mitigating factors are reliant on the Group’s ability to generate sufficient cash surpluses from operations, selling its investment in Clouaron shares, and continuing to receive financial support from its directors and shareholders (via capital raisings).</p> <p>This area is a key audit matter due to the subjectivity and judgment required by management in preparing the cash flow forecast for the period to 12 months from the date of the signing of the financial report, on which the Group’s ability to continue operating as a going concern has been based.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • assessing management’s ability to prepare accurate forecasts by comparing prior year forecasts to actual results; • assessing the forecast growth in revenue by reviewing service contracts signed subsequent to 30 June 2023; • assessing the reasonableness of the significant assumptions used in the cash flow forecast and considering the impacts of COVID-19 and the current macro-economic environment; • testing the mathematical accuracy of the cash flow forecast and agreeing the opening cash position to the audited balances; • performing sensitivity analysis in relation to key assumptions including the sales revenue growth rate, cash outflows from operations and incorporating the impact of events that have occurred subsequent to the balance sheet date but prior to the date of the signing of financial report; • assessing the adequacy of the related disclosures within the financial report.
<p>Capitalised Development Costs – Recognition and Carrying Value (Note 13)</p> <p>Capitalised software development costs at 30 June 2023 have a net carrying value in the consolidated statement of financial position of \$2,579,769 (2022: \$2,561,033) in relation to the Expense8 and CardHero suite of products.</p> <p>AASB 138 <i>Intangible Assets</i> requires that specific criteria are met in order to capitalise development costs. The Expense8 costs are being amortised over a period of 1 to 5 years as this is the period over which management expects to generate future economic benefits from license sales. The CardHero product development costs are amortised over the period of expected future benefits being 5 years. This area is a key audit matter due to subjectivity and management judgment applied in the assessment of whether the costs meet the capitalisation criteria and in determining the useful life of the product that forms the basis for the amortisation period.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • assessing the group’s accounting policy in respect of product development costs for adherence to AASB 138; • testing a sample of amounts capitalised to supporting documentation and assessing compliance with the recognition criteria of AASB 138; • recalculating the amortisation expense of assets available for use; • assessing the reasonableness of the amortisation period by reference to comparable market data; and • assessing the adequacy of related disclosures within the financial report.

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Key audit matters	How our audit addressed the KAM
<p>Goodwill – Impairment Testing (Note 13) AASB 136 <i>Impairment of Assets</i> requires that an intangible asset with an indefinite useful life, such as goodwill be tested annually for impairment.</p> <p>This is a key audit matter due to the significance of the balance in the statement of financial position and the judgment and assumptions applied in preparing a value-in-use model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate inherently involves a high degree of estimation and judgment by management.</p> <p>Following management’s assessment, an impairment of \$1,225,108 has been recognised in the statement of profit or loss and other comprehensive income.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • assessing managements’ ability to prepare accurate forecasts by comparing prior year forecasts to actual results; • assessing the assumptions used for the growth rate by comparing the normalised average historical revenue actual growth rate from 2014 to 2023 to the growth rate adopted in the impairment model in conjunction with the knowledge and information we have obtained regarding future growth expectations; • assessing the key assumptions for long term growth in the forecast cash flows by comparing them to industry forecasts and considering the potential impacts of COVID-19; • assessing the discount rate applied to reflect the cost of capital of the group; • engaging external experts to review the impairment model and discount rate (including the company’s Beta and market risk premium) and assessing the results of the expert; • testing the mathematical accuracy of the value-in-use model; • agreeing the inputs in the value-in-use model to relevant data including approved budgets and latest forecasts; • performing sensitivity analysis in relation to the vital key assumptions, being the 5 year revenue growth rate and; • comparing the carrying value of the cash generating units net assets to the market capitalisation of the company and 2022 financial year capital raisings carried out by the company; • assessing the adequacy of the related disclosures within the financial report.

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Key audit matters	How our audit addressed the KAM
<p>Financial Assets held at fair value through other comprehensive income – Note 15</p> <p>The fair value of the shares held in Cloudaron Group Berhad are based on the market price on the Malaysian Bursa Stock Exchange as at 30 June 2023.</p> <p>The investment in Cloudaron is designated by management as a financial asset at fair value through other comprehensive income with any gains or losses arising in fair value movement recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Considered the appropriateness of the fair value based on the stock's liquidity (and other forms of valuation models to be considered – net tangible asset backing); • Ensured that the Fair Value Hierarchy Disclosures are included in Financial Risk Management Disclosures within the financial report; • Verified whether Management had used the correct share price to fair value the financial assets at year-end; • Verified the number of shares held to third party holding statements (broker statements); • Ensuring that the loss incurred as a result of the fair value movement has been properly recorded in other comprehensive income and the asset revaluation reserve; and • Ensuring that the gain/loss on disposal has been properly recorded.
<p>Share based payments expense – Measurement (Note 29)</p> <p>During the year ended 30 June 2023, share based payments expense in relation to employee share options granted has been recognised in the statement of profit and loss amounting to \$190,166 (2022: \$322,326).</p> <p>This area is a key audit matter due to the subjectivity and management judgement applied in the assessment of the fair value of the options pursuant to AASB 2 <i>Share-Based Payment</i>. Subjectivity and judgement is involved in assessing the expected future stock price volatility of 8common's shares which is a key variable that is entered into the Black Scholes Option Valuation Model.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • agreeing the options issued to signed documentation from the respective employees; • agreeing the inputs in the model to third party evidence; • reviewing the volatility calculation by reference to historical stock price data and comparable company volatilities; and • Assessing the reasonableness of the independent expert's valuation methodologies and assumptions pursuant to <i>ASA 620 Using the Work of An Auditors Expert</i> • assessing the adequacy of related disclosures within the financial report.
<p>Revenue Recognition (Note 3)</p> <p>The Group has reported revenue from continuing operations of \$7,241,065 as set out in Note 3.</p> <p>Revenue is based on detailed customer contracts that contain different pricing schedules and varying revenue recognition performance obligation triggers. Complexity exists because of the specific nature of each customer contract which can include license fees, maintenance fees, change requests, implementation fees and consulting fees.</p> <p>Management judgement is required to estimate revenue recognition where cash flows and invoicing do not align to contract performance obligations.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • reviewing the revenue recognition policy; • Assessing management's analysis of the impacts of AASB 15 <i>Revenue from Contracts with Customers</i>; • Testing a sample of revenue recognised to contracts with customers; • testing a sample of revenue transactions by agreeing them to invoices, bank statements and contracts (where applicable); • testing a sample of revenue recognised to evidence of performance obligations satisfied and deliverables to customers; • testing a sample of performance obligations related to implementation revenue to signed confirmations from customers

<p>We have included revenue recognition as a key audit matter due to the significance of revenue to the financial statements and the specific nature of the customer contracts.</p>	<ul style="list-style-type: none"> • testing a sample of deferred revenue balances by agreeing amounts to invoices, bank statements and contracts.
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INFORMATION OTHER THAN THE FINANCIAL REPORT AND AUDITOR’S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2023 but does not include the financial report and our auditor’s report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparations of the financial report that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL REPORT

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included the Directors' Report on pages 19 to 24 for the year ended 30 June 2023. The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted with Australian Auditing Standards.

OPINION

In our opinion, the Remuneration Report of 8common Limited for the year ended 30 June 2023, complies with Section 300A of the Corporations Act 2001.

RESPONSIBILITIES

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Walker Wayland NSW

Walker Wayland NSW
Chartered Accountants



W Aziz
Partner

Dated this 31st of August 2023, Sydney

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 11 August 2023.

1. Shareholding

a. Distribution of Shareholders	Number	Number
Category (size of holding):	Ordinary Share	Options
1 – 1,000	42	-
1,001 – 5,000	101	-
5,001 – 10,000	227	-
10,001 – 100,000	448	12
100,001 and over	179	37
	997	49

b. The number of shareholdings held in less than marketable parcels is 193.

c. The names of the substantial shareholders listed in the holding company's register are:

Holder Name	Holding Balance
Microequities	30,739,166
Kah Wui "Nic" Lim	26,992,121
Kok Fui Lau	17,224,886
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,110,838
BARBRIGHT AUSTRALIA PTY LTD	13,164,313

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. There is no current corporate buyback.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

20 Largest Shareholders - Ordinary Shares

No	Holder Name	Holding	%
1	Microequities	30,739,166	13.72%
2	Kah Wui "Nic" Lim	26,992,121	12.05%
3	Kok Fui Lau	17,224,886	7.69%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,110,838	6.74%
5	BARBRIGHT AUSTRALIA PTY LTD	13,164,313	5.87%
6	MAXWEALTH CAPITAL LIMITED	9,926,652	4.43%
7	NATIONAL NOMINEES LIMITED	6,372,513	2.84%
8	AUSTRAL CAPITAL PTY LTD	4,750,000	2.12%
9	CASTLEREAGH HOLDINGS PTY LTD	4,508,197	2.01%
10	MR CHEN HUAH CHEE	4,499,985	2.01%
11	BORRMAN HOLDINGS PTY LTD	4,037,819	1.80%
12	MR DAMIEN MATTHEW BOOTH	3,038,128	1.36%
13	BNP PARIBAS NOMS PTY LTD UOBKH A/C R'MIERS	2,445,363	1.09%
14	ASSET GROWTH FUND PTY LTD	2,300,000	1.03%
15	MR TITUS XIEN TAT HUI	2,010,000	0.90%
16	CITICORP NOMINEES PTY LIMITED	1,776,161	0.79%
17	PRICEFAM PTY LTD	1,700,000	0.76%
18	MR SHANG LU	1,561,500	0.70%
19	MARCUS DELL PTY LTD	1,559,185	0.70%
20	VANWARD INVESTMENTS LIMITED	1,500,000	0.67%
	Total	155,216,827	69.26%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Directors	Kah Wui Lim (Chairman) Adrian Bunter John Du Bois Kok Fui Lau
CEO	Andrew Bond
Company Secretary	Max Crowley
Corporate Governance Statement	Refer to http://www.8common.com/wp-content/uploads/2015/03/Corporate-Governance-Statement1.pdf
Registered Office	Level 11, Suite 11.01, 60 Castlereagh Street, SYDNEY NSW 2000
Principal place of Business	Level 6 333 George Street Sydney NSW 2000
Share Registry	Automic Registry Services Level 5, 126 Phillip Street, SYDNEY NSW 2000
Auditor	Walker Wayland NSW Chartered Accountants Level 11, Suite 11.01, 60 Castlereagh Street, SYDNEY NSW 2000
Stock Exchange Listing	8common Limited and Controlled entities shares are listed on the Australian Securities Exchange (ASX code: 8CO)
Web site	www.8common.com

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 8common

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